

Message Text

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TAGS: BEXP, RP
SUBJECT: PHILIPPINE FOOTWEAR EXPORTS

REF: A. STATE 10507, B. MANILA 07811, C. MANILA 6526

1. SUMMARY. SUBSTANTIAL INCREASE IN PHILIPPINE FOOTWEAR EXPORTS TO U.S. ACCOUNTED FOR LARGELY BY A) INITIATION LAST YEAR OF EXPORT OF BEACHCOMBER SANDALS BY RUBBERWORLD, PHILIPPINES, A COMPANY SPECIALIZING IN SNEAKERS AND OWNED AND MANAGED BY CHINESE-FILIPINO, AND B) INCREASE IN EXPORTS OF NYLON JOGGING SHOES FROM LOTUS FACTORY RECENTLY REVIVED BY CAPITAL INFUSION FROM SAMHWA, KOREAN OWNER. END SUMMARY.

2. ANTONIO YOUNG, VICE PRESIDENT FOR OPERATIONS OF RUBBERWORLD TOLD EMBOFF THAT THREE MILLION PAIRS OF BEACHCOMBERS HAVE BEEN EXPORTED TO U.S. SINCE MIDDLE OF LAST YEAR. BEACHCOMBERS CONSIST OF SOLES OF EVA, A CHEMICAL PLASTIC COMPOUND, AND NYLON STRAPS PARTLY COVERED WITH SUEDE. THE UNIT PRICE OF SHOE RANGES FROM \$1.15 TO \$1.20. THIS SANDAL COULD EASILY ACCOUNT FOR MOST OF 1.2 MILLION PAIRS INCREASE UNDER \$1.20 NOTED IN REFTEL A.

3. BEACHCOMBERS ARE COMPLETELY MANUFACTURED IN RUBBER-
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WORLD'S CEBU PLANT, INCLUDING COMPOUNDING OF RESINS PURCHASED FROM JAPAN TO MAKE EVA PLASTIC. THEY ARE NOT MARKETING DOMESTICALLY BECAUSE OF HIGH DEMAND ABROAD.

4. RUBBERWORLD HAS INCREASED IN RECENT MONTHS ITS EXPORT IN ALL ITS LINES OF SHOES, PARTICULARLY TO THE U.S. WHICH ACCOUNTS FOR 90 PCT OF ALL EXPORTS OF FIRM.

THIS YEAR, 70 PCT OF PRODUCTION WILL BE EXPORTED AS COMPARED WITH 30 PCT LAST YEAR. ONE RUBBERWORLD EMPLOYEE ATTRIBUTES THIS RISE TO OMA'S WITH TAIWAN AND KOREA WHICH CAUSE AMERICAN BUYERS TO SEARCH FOR NEW SUPPLIERS OF INEXPENSIVE FOOTWEAR. RUBBERWORLD PLANS

TO EXPORT ABOUT 5 MILLION PAIRS OF SHOES TO U.S. IN 1978, ABOUT ONE-HALF OF WHICH WILL BE BEACHCOMBERS. OTHER HALF WILL BE SNEAKERS, MADE OF PLASTIC SYNTHETICS AND CANVAS, AND CHILDREN'S SHOES.

5. AS REPORTED REFTEL B, SAMHWA, LARGE KOREAN SHOE MANUFACTURER, BOUGHT OUT PARTNERS IN LOTUS AND ASSUMED BALANCE OF DEVELOPMENT BANK OF PHILIPPINES (DBP) LOAN. RESULT WAS REVITALIZATION OF COMPANY'S OPERATIONS, WHICH HAS RESULTED IN SHARP INCREASE IN EXPORTS OF NYLON JOGGING SHOES, SOLE PRODUCT PUT OUT BY FACTORY.

6. JOGGING SHOE OPERATION APPARENTLY SAME ACTIVITY IDENTIFIED BY SHOE INDUSTRY LEADER AS INVOLVING ASSEMBLY OF IMPORTED UPPERS AND SOLES (REFTELS B AND C). RECENT REPORTS FROM SEVERAL SOURCES INDICATE UPPERS ARE NOW BEING MANUFACTURED HERE, WHILE ONLY THE SOLES ARE IMPORTED. LOTUS PLANS TO MAKE SOLES HERE AS WELL IN NEAR FUTURE. ACCORDING TO SAMHWA OFFICIAL, LOTUS EXPORTS TO U.S. ABOUT 90 PCT OF ITS 7,000 PAIRS MANUFACTURED A DAY, LIMITED OFFICIAL USE

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FOR A VALUE OF ABOUT \$700,000 A MONTH.

7. ANOTHER NEWCOMER TO SHOE EXPORT FIELD IS MASTERX EXCELLENT INC., OWNED BY CHINESE-ISRAELI-JAPANESE CONSORTIUM, WHO ARE NOW REPORTEDLY MANUFACTURING ABOUT 50,000 PAIRS OF LADIES SANDALS A MONTH, 80 PCT OF WHICH THEY PLAN TO EXPORT TO U.S. EMBASSY WILL REPORT ANY FURTHER DEVELOPMENTS ON THIS FRONT.

8. EMBASSY NOT AWARE OF ANY LARGE EXPORTER OF POPSICLE TYPE OF SHOE, THOUGH THIS SHOE IS POPULAR LOCALLY. MURPHY

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